

CENTRAL INTELLIGENCE AGENCY

CLASSIFICATION SECRET

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1. On 3 September 1952 the Ministry of Commerce of the Chinese Communist Government was officially established and began functioning in Peiping.¹ It had been created by passage of a resolution on 7 August at the 17th meeting of the Central Government Council.²
2. The state trading companies previously controlled by the Ministry of Trade have been abolished and the Ministry of Commerce will set up throughout China a number of specialized companies to handle various categories of goods.³ The names and specialties of these companies are as follows:
 - a. The China Department Store will purchase and sell various goods in daily use such as knitted and cotton goods, soap, cosmetics, rubber products, stationery and paper.
 - b. The China Food Company will purchase and sell various food products.
 - c. The China Native Products Company will purchase and sell various native products such as hemp, porcelain, Chinese medicine, leaf tobacco and embroidery.
 - d. The China Cotton, Yarn and Cloth Company will purchase and process for sale cotton, cotton yarn and piece goods.
 - e. The China Silk Company will purchase and sell silkworm eggs, raw silk and silk goods.
 - f. The China Petroleum Company will purchase and sell petroleum.

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25X1A

SECRET

- 2 -

- [REDACTED]
- g. The China Coal and Construction Company will purchase and sell coal, timber and construction materials.
 - h. The China Medical Supplies Company will purchase and sell medicine, medical supplies and medical instruments.
 - i. The China Oils and Fats Company will purchase and sell cooking oils and oils for industrial purposes.
 - j. The China Metals Company will purchase and sell metal products.
 - k. The China Animal Products Company will purchase and sell animals and eggs.
 - l. The China Tea Company will purchase and sell tea.
 - m. The China Dyestuffs and Chemicals Company will purchase and sell industrial chemicals.

25X1 1. [REDACTED] Comment. Establishment of the Ministry of Commerce in Peiping was announced by the New China News Agency on 3 September 1952.

25X1 2. [REDACTED]

25X1 3. [REDACTED] Comment. These specialized companies have been in operation since 1950. They will now come under the jurisdiction of the newly-organized Ministry of Commerce. According to [REDACTED] as a result of the establishment of these specialized companies, all private business, commerce and industry must depend upon the patronage of the state companies for continued existence. Lower prices charged by the state stores preclude the possibility of price competition between private and government outlets. Thus, if the China Department Store does not buy the output of a knitting factory, the inventories of the knitting factory might accumulate indefinitely.

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